

FRANK ALVARADO
140 MILL STREET # 427
EAST HAVEN CT 06512
Falva3349@aol.com
203-214-3398

**Statement from Frank Alvarado
To the Veteran's Affair Committee
February 17, 2015
In Support of SB 520, An Act Concerning Military Retirement Pay**

Dear Co-Chairs: Senator Flexer and Representative Hennessy:

Good Afternoon Co-Chairs and Members of the Committee, my name is Frank Alvarado and I am a Vietnam Veteran and a retiree of the Connecticut Air National Guard. I have been a Connecticut resident for over 32 years and intend to make Connecticut my home state after I am fully retired. I continue to serve Veterans in my professional capacity as the Veterans Affairs' Officer for the United States Small Business Administration Office here in Connecticut; I am also a member of the Board of Directors of the National Guard Association of Connecticut and serve on several other organizations that work for Connecticut Veterans and retirees.

I truly wish that I could have offered this testimony in person today, but my work schedule does not allow me to do so.

The purpose of my letter today is to ask this committee to support and move forward Proposed S.B. 520, An Act Concerning Military Retirement Pay. This Act would increase the current 50% exemption on Military Pensions Income to 100%. According to a Connecticut Tax Expenditure Report dated January 2014, prepared by the Office of Fiscal Analysis, Connecticut General Assembly, the current 50% exemption was projected to have a fiscal impact of 3.9 million in 2014 and 4.0 million in 2015, the total number of taxpayers benefitting from this exemption in Connecticut is approximately 11,000 retirees.

In asking for your support of this proposed bill I offer the following information:

In addition to the nine states that currently do not have a state income tax at all, 14 other states do not tax Military Pension income at all, the latest being Iowa, which passed the law in 2014. Included in these 14 states are New York, New Jersey, Massachusetts and New Jersey. These states are close to Connecticut and could easily attract Connecticut Military retirees to their states. Several other states have tax exemption programs that are tied to overall income and some sort of percentage of forgiveness, but the two states that I would highlight are Missouri and Kentucky. In Missouri, the exemption program started in January 2012 with a 45% exemption and has increased by 15% every January 1st until it reaches 100% on January 1, 2016. In Kentucky retirees that retired in 1997 or before, receive a 100% exemption, retirees after 1997 are taxed only if their military retiree income exceeds \$41,110 (not sure if they are taxed for their full amount or for the amount exceeding \$41,110).

Military retirees are an asset to their home states, they offer a great deal of benefits through the 20 plus years of service that they have provided to the country over their careers. They are an experienced workforce and are more likely to become entrepreneurs. I recently had the honor of working with a Navy Captain whose last assignment was as the Captain of nuclear submarine and now has returned to his home state of Connecticut where he owns a home and is looking to open and operate a business in Connecticut.

I believe that this increase of the tax exemption on Military Pensions will go a long way towards bringing more of our Connecticut Military Retirees back home. I recently attended a press event where Governor Malloy talked about keeping Connecticut consumers from going to neighboring states to buy consumer goods , let's help attract Connecticut Military retirees back to Connecticut and help keep our current retirees now living in Connecticut here by moving Proposed Bill 520 forward.

Thank you for your service to Connecticut and always thank you to the Veterans of Connecticut for their irreplaceable service and dedication to our country and state.

Respectfully Submitted

Frank Alvarado

Frank Alvarado (MSGT Retired CT Air National Guard)